BOSTON GAS COMPANY
D.T.E. 03-40

THIRD SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO BOSTON GAS COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Boston Gas Company ("Boston Gas" or "Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.

2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.

3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

4. The term "provide complete and detailed documentation" means:

   Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning

documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.

7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit one (1) copy of the responses to John J. Geary, Hearing Officer, one (1) copy of the responses to Sean Hanley, Assistant Director - Rates and Revenue Requirements Division, one (1) copy of the responses to Paul E. Osborne, Assistant Director - Rates and Revenue Requirements Division, and one (1) copy to Andreas Thanos, Assistant Director, Gas Division.

8. In addition to filing, all non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

DTE 3-1 Refer to Exh. KEDNE/PJM-2, at 25, and associated workpapers. With respect to the $55,000 notice of probable violation ("NOPV") levied during the test year by the Department, an allocation was made to Keyspan. Please explain why Boston Gas did not book 100 percent of its test year NOPV payments to the Department.

DTE 3-2 Refer to the prefiled testimony of Mr. McClellan at 14-16. Assuming the Department were to approve the Company's proposed ratemaking pension reconciliation mechanism, does the Company agree that the recoverable level of pension expense for ratemaking purposes would be limited to the test year pension expense as determined by FAS 87 of $6,230,016, versus the Company's proposed recovery level of $18,085,435? If the Company does not agree, please explain.

DTE 3-3 Do any of the companies contained in Mr. Moul's barometer group have a weather stabilization mechanism? If so, identify the company or companies with such weather stabilization mechanisms.

DTE 3-4 Do any of the companies contained in Mr. Moul's barometer group have a pension and/or PBOP reconciliation mechanism? If so, identify the company or companies that have such a reconciliation mechanism.

DTE 3-5 Please provide total postage fees for the last three years on an monthly and annualized basis, noting each time the effective date of any postal rate increase.

DTE 3-6 Refer to Exh. KEDNE/AEL-2, at 2-3. Please perform the weather normalization adjustment calculations on a rate class basis (excluding rates G-44 and G-54), instead of on a customer-by-customer basis, consistent with the "rate class aggregate method" discussed in Boston Gas Company, D.P.U. 96-50 (Phase I) (1996) at 39. Provide all supporting data, calculations and work papers including the:

(a) number of days per billing cycle;

(b) actual and normal billing degree days;

(c) actual billing volumes;

(d) base use and actual heating use billing volumes;

(e) normal heating use billing volumes;

(f) total normal use billing volumes;

(g) the weather adjustment volumes in a format similar to Exh. KEDNE/AEL-2, at 2; and

(h) the weather adjustment "margin" in a format similar to Exh. KEDNE/AEL-2, at 3.

DTE 3-7 The existing tariffs for G-44 (M.D.T.E. 1200) and G-54 (M.D.T.E. 1204) provide that each season's MDCQ is redetermined annually. Please provide any oral or written feedback received from customers on this procedure for determining MDCQ.

DTE 3-8 Please provide the actual daily throughput for the peak and off-peak seasons during 2001 and 2002 for three selected G-44 customers: (1) a customer who is at the 25th percentile of the bills for that rate class; (2) a customer who is at the 50th percentile of the bills for that rate class; and (3) a customer who is at the 75th percentile of the bills for that rate class. In addition, please:

(a) identify each customer by account number;

(b) indicate the highest average daily throughput in the peak and off-peak season for 2001 and 2002 indicating the date when the highest value occurred;

(c) calculate the peak and off-peak MDCQ applicable for 2002 and 2003 for each of the three customers; and

(d) indicate the billed MDCQ for the peak and off-peak seasons of 2001 and 2002.

Provide all supporting data, calculations, work papers and describe the Company's calculation methods.

DTE 3-9 Please provide the actual daily throughput for the peak and off-peak seasons during 2001 and 2002 for three selected G-54 customers: (1) a customer who is at the 25th percentile of the bills for that rate class; (2) a customer who is at the 50th percentile of the bills for that rate class; and (3) a customer who is at the 75th percentile of the bills for that rate class. In addition, please:

(a) identify each customer by account number;

(b) indicate the highest average daily throughput in the peak and off-peak seasons for 2001 and 2002 indicating the date when the highest value occurred;

(c) calculate the peak and off-peak MDCQ applicable for 2002 and 2003 for each of the three customers; and

(d) indicate the billed MDCQ for the peak and off-peak seasons of 2001 and 2002.

Provide all supporting data, calculations, work papers and describe the Company's calculation methods.

DTE 3-10 Refer to Interruptible Transportation, D.P.U. 93-141-A at 63 (1996). In that decision, the Department stated that it would be a violation of cost causation principles to allow a share of IS margins to be passed to transportation customers. Discuss in detail how circumstances have changed, leading the Company to request that all margins be bundled. In particular, provide the Company's rationale for sharing commodity related margins with firm transportation customers.

DTE 3-11 Refer to Exh. KEDNE/PJM-2, Sch. 1. Please explain how the Company calculated the total O&M expense of $505,482,414, and reconcile this amount with the $504,366,675 shown on the bottom of Sch. 2.

DTE 3-12 Please provide an electronic file of Schs. 1-9 of Exh. KEDNE/PJM-2, with notes providing the source of all input data.

DTE 3-13 Refer to Exh. KEDNE/PJM-2, Sch. 4. Please confirm whether the reserve for depreciation of $448,985,690 is correct. As part of this response, explain the negative signal for this number.

DTE 3-14 Refer to Exh. KEDNE/PJM-2, Sch. 6. Please explain the calculation of the cash working capital allowance amount of $16,213,491. As part of this response, explain the composite factor of 28/365.

DTE 3-15 Refer to Exh. KEDNE/PJM-2, Sch. 5. Please explain why the principal balances for long-term debt, preferred stock, and common equity do not produce the percentages reported by the Company.

DTE 3-16 Please provide the monthly number of customers by rate class that were on levelized billing during calendar years 1996 through 2002.

DTE 3-17 Refer to Exh. KEDNE/JFB-1, at 45-46. Please provide a copy of the agreement between the Company and its "financial partner" that was the basis for the $15 million Company payment as a result of the colder-than-normal weather during the 2002-2003 heating season.

DTE 3-18 Refer to Exh. KEDNE/JFB-1, at 45-46. Please indicate if the Company has entered into an agreement with its "financial partner" or any other entity for the purpose of mitigating the revenue effect of weather variability for the 2003-2004 heating season. If yes, provide a copy of that agreement. If no, indicate if the Company intends to pursue such arrangement in the foreseeable future.

DTE 3-19 Refer to Exh. KEDNE/JFB-1, at 45-46. Please indicate whether the Company entered into any agreements for the purpose of mitigating the revenue impact of weather variability for the period 1996 through 2001. If yes, provide a copy of all agreements and indicate the annual amounts paid or received by the Company.

DTE 3-20 Refer to Exh. KEDNE/JFB-1, at 47. Please describe how the design of the CRIS billing system could provide "benefits to customers on a real-time basis."

DTE 3-21 Refer to Exhs. KEDNE/JFB-1, at 47; KEDNE/ALS-1, at 32, 34. Please provide any statistical studies performed by the Company as a basis for determining the proposed two percent weather deadband. If no such studies were done, describe how the Company arrived at such a proposal.

DTE 3-22 Refer to Exh. KEDNE/ALS-1, at 32. Please provide (a) the embedded cost-allocation formulae that assign 65 percent of non-gas costs and revenues to the peak period; and (b) the marginal-cost/rate design method that assigns 18 percent of the revenue to the tailblock.

DTE 3-23 Refer to Exh. KEDNE/ALS-1, at 34. Please provide a complete pro forma copy of the Company's update to be filed with the Department in its first annual PBR compliance filing (i.e., assuming that the Department approves the Company's proposed PBR) indicating: (a) the base load factors for each rate class; (b) the heating increments for each rate class; and (c) the tailblock margin for each rate class using 2002 test year data. Describe with supporting data, calculations and work papers the Company's method and explain all assumptions used.

DTE 3-24 Refer to Exh. KEDNE/ALS-1, at 34. Please clarify why the proposed weather normalization clause adjustment excludes rate classes R-2 and R-4, while the proposed weather normalization clause tariff shown in Exh. KEDNE/ALS-6 includes these two rate classes.

DTE 3-25 Refer to Exh. KEDNE/ALS-1, at 34. Please explain or clarify why the proposed weather normalization clause adjustment would apply "during the peak period November through March" while the weather normalization clause tariff shown in Exh. KEDNE/ALS-6 applies "for the months of November through October, inclusive."

DTE 3-26 For rate class R-1 and R-2, please provide the test year number of customers and the corresponding percentage of total for that rate class, whose actual

monthly consumption falls within the following ranges of usage for the months of January, February, March, April, November and December:

(a) 0 to 5 therms;

(b) > 5 to 10 therms;

(c) > 10 to 15 therms;

(d) > 15 to 20 therms;

(e) > 20 to 25 therms;

(f) > 25 to 30 therms;

(g) > 30 to 40 therms;

(h) > 40 to 50 therms;

(i) > 50 to 100 therms; and

(j) > 100 therms.

DTE 3-27 Please perform the proposed weather normalization clause adjustment for one customer in each of the indicated ranges of therm usage indicated in information request DTE 3-26 using the customer's actual test year peak season monthly consumption. Describe the Company's method and assumptions used and provide supporting data, calculations and work papers including:

(a) each customer's account number;

(b) each customer's actual monthly billing use;

(c) actual number of billing days in the customer's billing cycle (BD);

(d) actual heating degree days for the billing period (ADD);

(e) normal heating degree days for the billing period (NDD);

(f) variance from normal weather expressed in percentage;

(g) average degree day factor (DDF);

(h) average base load factor (BLF);

(i) tailblock margin (TM); and

(j) weather normalization adjustment (WA).

DTE 3-28 For rate class R-3 and R-4, please provide the test year number of customers, and the corresponding percentage of total for that rate class, whose actual monthly consumption falls within the following ranges of usage for the months of January, February, March, April, November and December:

(a) 0 to 20 therms;

(b) >20 to 40 therms;

(c) >40 to 60 therms;

(d) >60 to 100 therms;

(e) >100 to 150 therms;

(f) >150 to 200 therms;

(g) > 200 to 250 therms;

(h) > 250 to 300 therms;

(i) > 300 to 400 therms; and

(j) > 400 therms.

DTE 3-29 Please perform the proposed weather normalization clause adjustment for one customer in each of the indicated ranges of therm usage in information request DTE 3-28 using the customer's actual test year peak season monthly consumption. Describe the Company's method and assumptions used and provide supporting data, calculations and work papers including:

(a) each customer account number;

(b) each customer's actual monthly billing use;

(c) actual number of billing days in the customer billing cycle (BD);

(d) actual heating degree days for the billing period (ADD);

(e) normal heating degree days for the billing period (NDD);

(f) variance from normal weather expressed in percentage;

(g) average degree day factor (DDF);

(h) average base load factor (BLF);

(i) tailblock margin (TM); and

(j) weather normalization adjustment (WA).

DTE 3-30 Please revise the peak bill schedules for all rate classes in Exh. KEDNE/ALS-5 inserting a column (after the first column) that shows the corresponding number of customers.

DTE 3-31 Refer to Exh. KEDNE/ALS-6. Please perform the proposed weather normalization clause adjustment for each customer in each of the applicable rate classes using the test year peak season monthly consumption and provide the total monthly adjustments by rate class and Company total. Describe the Company's method and assumptions and provide supporting data, calculations and work papers.